

2007 Plan Year

More Options for Kentucky Employees Health Plan Members



Commonwealth Select

- The Commonwealth Select Option combines a PPO with a Health Reimbursement Account (HRA) funded by the Commonwealth
 - Use it to pay for covered medical costs like pharmacy charges and physician expenses
 - “Spend” your HRA money with the HumanaAccessSM Visa[®] card
 - Your HRA “pays down” the deductible
 - You will be able to carry over unused dollars to the next year if you remain with Commonwealth Select
 - Compared to typical medical plans, you may pay less out of your paycheck and more for the deductible with Commonwealth Select

HRA

- Embedded HRA
 - Offered in conjunction with Commonwealth Select (a new 4th Option)
 - Funded with employer money only

- Stand alone HRA
 - Available only to employees who waive health insurance
 - Funded with employer money only

(Humana materials may refer to an HRA as a Personal Care Account (PCA))

Commonwealth Select Benefits

	In-Network	Out-of-Network
Deductible		
Single	\$2,000	\$2,000
Family	\$3,000	\$3,000
Out-of-Pocket Maximum		
Individual	\$3,000	\$4,000
Family	\$4,500	\$6,000
Member pays Co-insurance	10%	40%
Preventive Services Plan Pays	100%	Not Covered
All Other Services	Deductible/co-insurance	Deductible/co-insurance

COMMONWEALTH SELECT HRA

- Employer funds the Health Reimbursement Account (HRA) based on type of member coverage:

Single - \$1000

Couple - \$1,500

Parent Plus - \$1,500

Family - \$2,000

Who Benefits

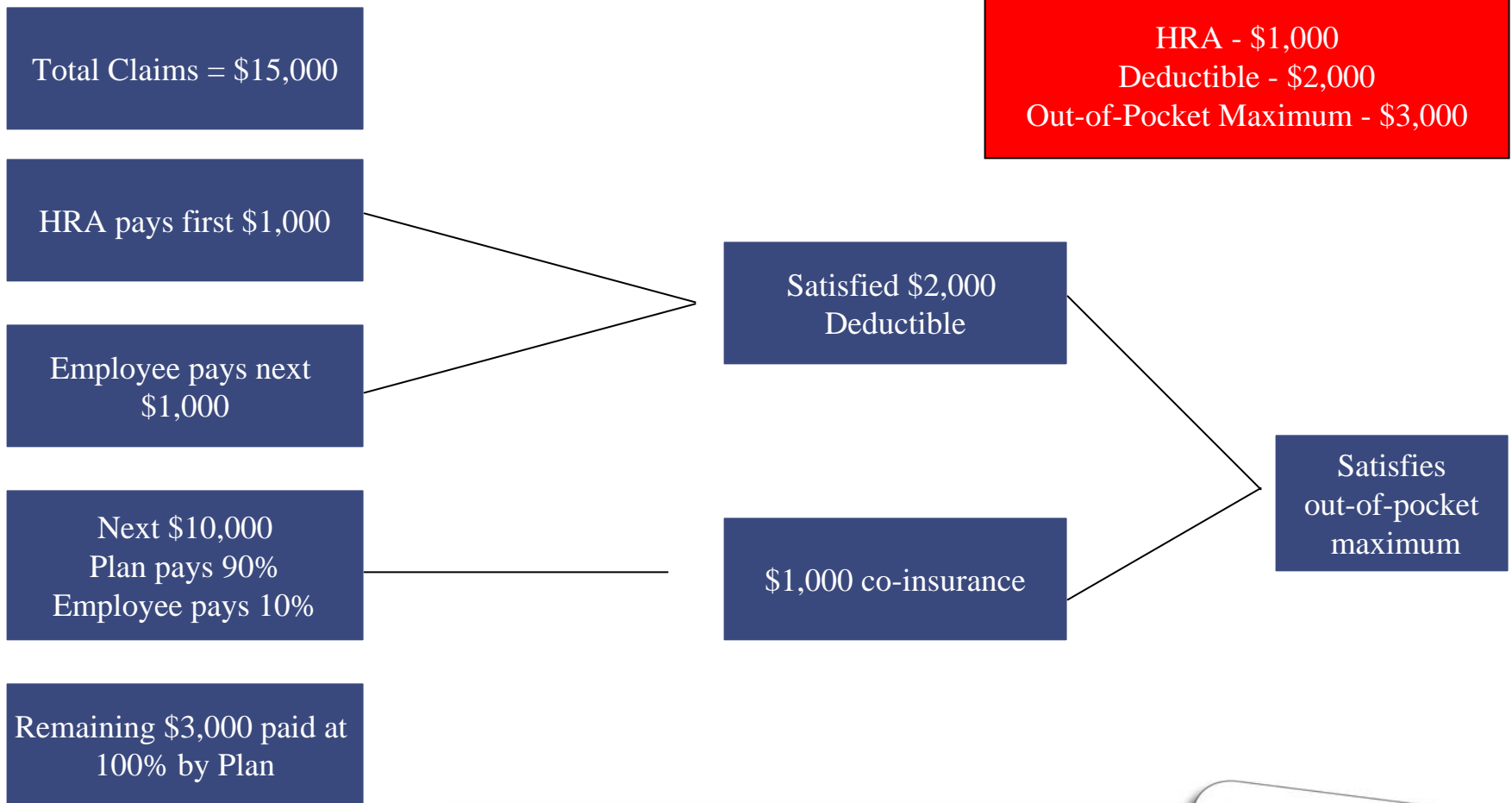
- Several groups of employees may benefit from the Commonwealth Select Option such as:
 - Healthy individuals/families who use very little benefits
 - Approximately 30% of the KEHP members use less than \$500 per year in health care expenses
 - Individuals/families who meet their out-of-pocket maximum each year

Examples

- Kelly enrolls in Commonwealth Select with a \$1,000 “spending account”:
 - She has minor surgery at an in-network facility
 - Humana calculates the provider discount; Kelly’s doctor bills her \$375
- Kelly writes her HumanaAccess card number on the bill and sends it back to the doctor
 - The \$375 paid with her HRA also applies to her deductible
- Kelly’s out-of-pocket costs total \$0
 - Kelly still has \$625 left in her HRA
- Kelly’s doctor prescribes a prescription drug
 - Kelly swipes her HumanaAccess card at the pharmacy to cover the cost of the drug

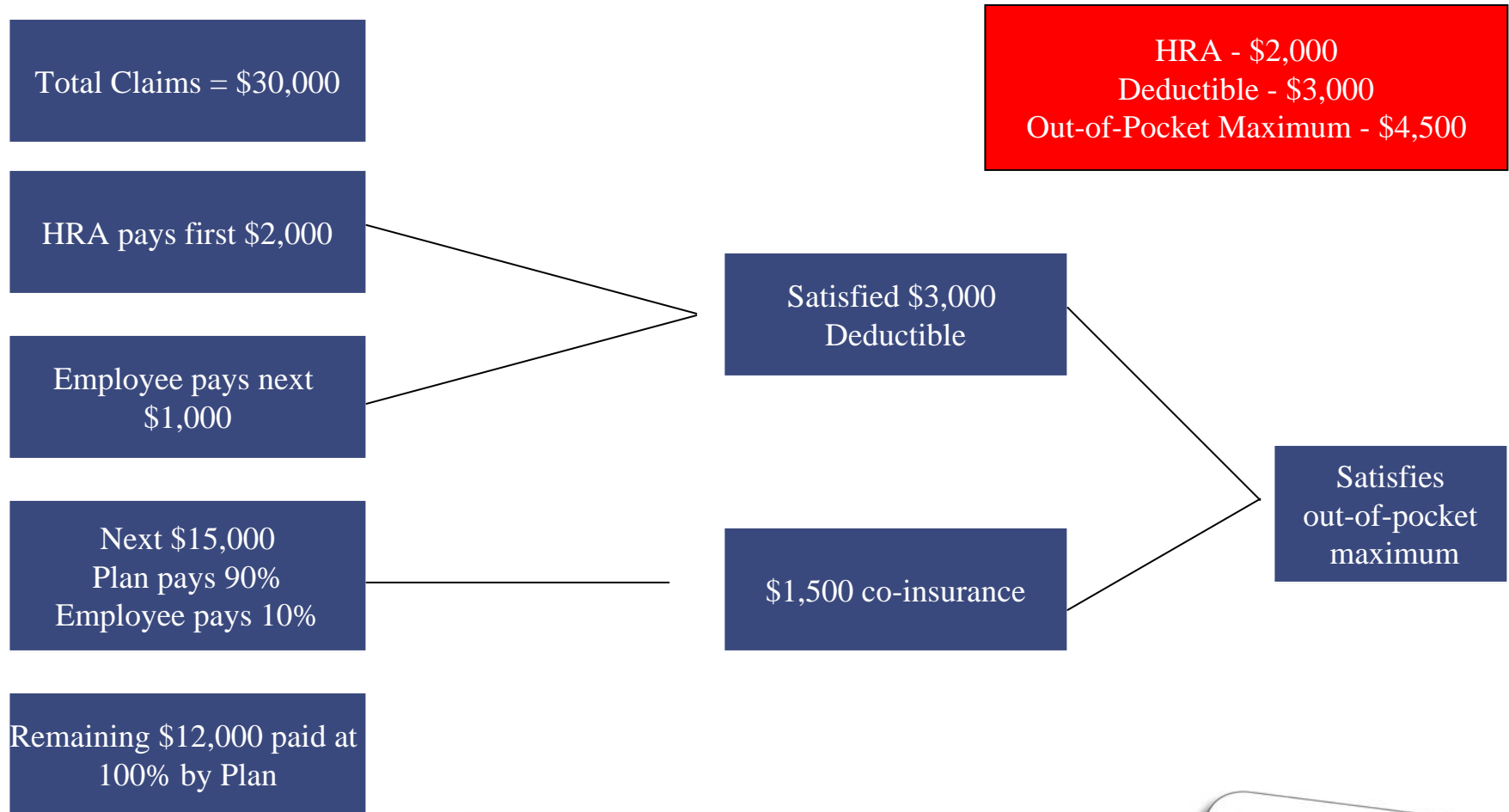
Example

Single Employee - \$15,000 Expenses



Example

Family - \$30,000 Expenses



Premium Savings

Commonwealth Enhanced Family Contribution	\$454.72
Commonwealth Select Family Contribution*	\$341.58
Monthly Savings	\$113.14
Annual Savings	\$1,357.68

Stand Alone HRA

- Available only to employees who waive
- Replaces FSA for employees who waive
- Only employer money contributed to HRA
- Funds may be used to pay for over-the-counter drugs, vision and dental
- Works just like FSA except unused funds will roll to next plan year if members continue to waive

FSA

- FSA will still be available in 2007
- No employer funding – all FSA funding will be employee money
- Annual maximum to be contributed to healthcare FSA is \$5,000
- Maximum dependent care based on income tax filing status (remains the same as current plan)

How a Flexible Spending Account works

This example shows how an FSA increases your take-home pay

	Mary without FSA	Pamela with FSA
Yearly income	\$30,000	\$30,000
Minus health care FSA \$ from paycheck	\$0	-\$1,700
Taxable income	\$30,000	\$28,300
Minus taxes	-\$4,310	-\$3,895
Take-home pay	\$25,690	\$24,405
Medical expenses	-\$1,700	from FSA
Spendable income	\$23,990	\$24,405
Free money (tax savings)	\$0	\$415

Quick, convenient access to your funds

- Members who enroll in an HRA or FSA account will receive a Humana Access Visa Card
- Activate your card right away
- Press CREDIT when you swipe it, even though it is a debit card. The card does not have a PIN
- Keep the card until the end of your plan year

FSA/HRA



Using Access Card at Pharmacies – ‘Waivers’ Only

- Activate your swipe card
- Present your primary insurance card to the pharmacist to identify your copayment
- Ask pharmacist to follow instructions on Access card to request confirmation of funds from Humana
- Swipe your card through credit card machine
- Select ‘credit’ for your transactions
- Sign and save your receipts!
- Log into kyhealthplan.humana.com under “MY BENEFITS” to view your fund balances (or call 1-800-604-6228)

Save your receipts

- It is important to save all itemized receipts
 - The IRS requires proof (substantiation) that expenses are qualified under your plan's benefits
 - Humana automatically verifies transactions, in most cases, as they occur. However, Humana may ask members to submit receipts for verification of an expense
 - Always save all receipts and explanation of benefits (EOB) in case Humana contacts you to verify an expense that could not be matched automatically in our system
 - If a refund is needed:
 - card should be credited by the provider
 - if providers refunds the member directly the member will be required to refund the card (per IRS guidelines)

Qualifying Events: Changing Levels of Coverage and Balances w/ HRA

- Member has single coverage.
 - HRA allowance = \$1,000. Member uses \$500.
 - Qualifying event to enroll with family coverage.
 - HRA allows \$2,000 but \$500 is deducted from total.

- Member has family coverage.
 - HRA allowance = \$2,000. Member used \$1,000.
 - Qualifying event to switch to single coverage.
 - HRA allows \$1,000. Member has used balance for the year.

Making health benefits easier to understand and use: *MyHumana*

- Easy access through **kyhealthplan.humana.com**
- Password-protected security
- Links to:
 - Medical and Rx claims
 - Physician Finder Plus
 - PHA – Personal Health Analysis
 - My Decision Tools – “How much have I spent?”
- Automated Information Line: Quick and easy way to get answers to general questions – call Humana Customer Service at 877-KYSPIRIT (877-597-7474)



HUMANA®

Guidance when you need it most

Humana Plans are offered by the Family of Insurance and Health Plan Companies including Humana Medical Plan, Inc., Humana Employers Health Plan of Georgia, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Health Plan of Ohio, Inc., Humana Health Plans of Puerto Rico, Inc., Humana Wisconsin Health Organization Insurance Corporation, or Humana Health Plan of Texas, Inc. – A Health Maintenance Organization or insured by Humana Health Insurance Company of Florida, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Insurance Company, Humana Insurance Company of Kentucky, or Humana Insurance of Puerto Rico, Inc. or administered by Humana Insurance Company

For Arizona Residents: Offered by Humana Health Plan, Inc. or insured or administered by Humana Insurance Company

Please refer to your Certificate of Coverage/Insurance or Summary Plan Description for more information on the company providing your benefits.